



General Assembly

February Session, 2006

**Committee Bill No. 1**

LCO No. 3066

\*03066SB00001CE\_\*

Referred to Committee on Commerce

Introduced by:  
(CE)

***AN ACT CONCERNING JOBS FOR THE 21ST CENTURY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2006*) It is found and declared that  
2       the number of technology-based jobs in the state is decreasing  
3       compared to other states and regions; that technology and innovation  
4       for the development of new products and markets is critical to the  
5       economic future of the state; that the accelerated pace of innovation  
6       and global markets require urgent action by the state; that companies  
7       and entrepreneurs in the state need technology and risk capital to  
8       compete globally with cutting edge inventions; that an appropriate  
9       role for state government is to seed innovation from the earliest stage  
10      of discovery to successful commercialization, thereby providing a  
11      pipeline of technology from which the economy can grow, and it is an  
12      appropriate role for academia to provide innovation, research and  
13      development that creates products and opens new markets; that in  
14      order to generate a technology-based economy and bolster the long-  
15      term economic needs of the state, there is needed a willingness to  
16      accept risk on an individual project basis and to provide ongoing state  
17      support and investment in all stages of the technology lifecycle from

18 idea to market; that successful investment should be measured by  
19 long-term comprehensive achievement rather than by individual  
20 projects; that there is a public purpose in the development of a critical  
21 mass of technology and infrastructure in which such technology can  
22 thrive and although businesses may be created, and perhaps fail, the  
23 value to the state of creating the business is from attracting significant  
24 numbers of scientists, engineers, and entrepreneurs to the state and the  
25 development of a technology pipeline and facilities in which new  
26 companies can be created; and that therefore the necessity in the public  
27 interest and for the public benefit and good for the provisions of  
28 sections 2 to 23, inclusive, of this act is hereby declared to be a matter  
29 of legislative determination.

30       Sec. 2. (NEW) (*Effective July 1, 2006*) (a) The Board of Trustees of The  
31 University of Connecticut shall develop a program to recruit eminent  
32 faculty and their research staff to the university. Recruitments shall be  
33 made to support economic development in the state and to promote  
34 core competency areas by accelerating the pace of applied research and  
35 development. Eligibility shall be limited to scientists who have  
36 demonstrated excellence in their field of research and have an interest  
37 in working collaboratively with other scientists at the university and  
38 an interest in commercialization of their research.

39       (b) The board of trustees shall not expend more than two million  
40 dollars for an individual recruitment. No funds shall be expended  
41 under this section unless there are matching funds from industry or  
42 other sources.

43       Sec. 3. (NEW) (*Effective July 1, 2006*) (a) There is established an  
44 account to be known as the eminent faculty recruitment account which  
45 shall be a separate, nonlapsing account within the General Fund. The  
46 account shall contain all moneys required by law to be deposited in the  
47 account and shall be held separate and apart from all other money,  
48 funds and accounts. Investment earnings from any moneys in the  
49 account shall be credited to the account and shall become part of the

50 assets of the account. Any balance remaining in the account at the end  
51 of any fiscal year shall not lapse and shall be available for use for the  
52 fiscal year next succeeding.

53 (b) The moneys in said account shall be expended by the Board of  
54 Trustees of The University of Connecticut for the purposes of section 2  
55 of this act provided not more than five million dollars shall be  
56 allocated in each fiscal year until the fiscal year ending June 30, 2012.

57 Sec. 4. (NEW) (*Effective July 1, 2006*) There is established a Center for  
58 Entrepreneurship at The University of Connecticut. The purpose of the  
59 center shall be to train the next generation of entrepreneurs in an  
60 experiential manner that would assist businesses in the state today.  
61 This center shall (1) expand accelerator programs at the school of  
62 business to provide innovation services to technology-based  
63 companies using a proven model of faculty and students working with  
64 companies on real time solutions to the company's business problems;  
65 (2) establish an intellectual property law clinic at the law school. The  
66 clinic shall use faculty and students to support the intellectual  
67 property needs of entrepreneurs, small firms and other state  
68 universities; and (3) develop an entrepreneurial program on campus  
69 that trains faculty and student inventors in commercialization and  
70 business issues, generates business opportunities and provides capital  
71 for their new ventures.

72 Sec. 5. (NEW) (*Effective July 1, 2006*) (a) There is established an  
73 account to be known as the center for entrepreneurship account, which  
74 shall be a separate, nonlapsing account within the General Fund. The  
75 account shall contain any moneys invested pursuant to the provisions  
76 of this section. The account shall contain all moneys required by law to  
77 be deposited in the account and shall be held separate and apart from  
78 all other money, funds and accounts. Investment earnings from any  
79 moneys in the account shall be credited to the account and shall  
80 become part of the assets of the account. Any balance remaining in the  
81 account at the end of any fiscal year shall not lapse and shall be

82 available for use for the fiscal year next succeeding.

83 (b) The University of Connecticut may use funds from the account  
84 to provide grants under section 4 of this act, except that not more than  
85 two million dollars shall be used for such purpose in any fiscal year.

86 Sec. 6. (NEW) (*Effective July 1, 2006*) (a) As used in this section  
87 "corporation" means Connecticut Innovations, Incorporated.

88 (b) There is established a collaborative research grant program to be  
89 administered by Connecticut Innovations, Incorporated, for the  
90 purpose of advancing the commercialization of technologies being  
91 discovered at the research universities and at industry labs. Grants  
92 shall be made to promote collaborative research among research  
93 universities and industry and shall be used (1) to improve technology  
94 infrastructure by advancing the development of shared use between  
95 institutions of higher education and business entities of laboratories  
96 and equipment, including, but not limited to, technology purchase,  
97 lease and installation, operating and necessary support personnel and  
98 maintenance; and (2) as matching grants for joint projects between an  
99 industry, a technology focused organization or a university.

100 (c) The corporation shall structure the matching grants to provide  
101 two rounds of funding annually and shall do outreach to inform  
102 eligible companies about the program. Such outreach shall include an  
103 aggressive marketing campaign through business organizations to  
104 raise industry awareness of resources from universities or technology  
105 focused organizations. Matching grants shall be awarded through a  
106 competitive process with outside reviewers applying key criteria to  
107 determine if (1) a proposal demonstrates commercial relevance, (2)  
108 there is a clear path to the marketplace for innovations developed in  
109 the course of the research. Matching grants shall not exceed one  
110 hundred fifty thousand dollars, and an in-kind match shall be allowed  
111 for small and mid-sized companies.

112 Sec. 7. (NEW) (*Effective July 1, 2006*) (a) There is established an

113 account to be known as the collaborative research account, which shall  
114 be a separate, nonlapsing account within the General Fund. The  
115 account shall contain any moneys invested pursuant to the provisions  
116 of this section. The account shall contain all moneys required by law to  
117 be deposited in the account and shall be held separate and apart from  
118 all other money, funds and accounts. Investment earnings from any  
119 moneys in the account shall be credited to the account and shall  
120 become part of the assets of the account. Any balance remaining in the  
121 account at the end of any fiscal year shall not lapse and shall be  
122 available for use for the fiscal year next succeeding.

123 (b) Connecticut Innovations, Incorporated, may use funds from the  
124 account to provide grants under section 6 of this act.

125 Sec. 8. (NEW) (*Effective July 1, 2006*) Connecticut Innovations,  
126 Incorporated, shall develop a bioscience center of excellence to house  
127 laboratory space, seed capital and innovation services under at least  
128 one location for the generation of new bioscience companies.  
129 Connecticut Innovations, Incorporated, may designate The University  
130 of Connecticut or select a nonprofit entity to manage the facility. If a  
131 nonprofit is selected, such selection shall be based on competitive  
132 process.

133 Sec. 9. (*Effective July 1, 2006*) (a) For the purposes described in  
134 subsection (b) of this section, the State Bond Commission shall have  
135 the power, from time to time, to authorize the issuance of bonds of the  
136 state in one or more series and in principal amounts not exceeding in  
137 the aggregate thirty million dollars.

138 (b) The proceeds of the sale of said bonds, to the extent of the  
139 amount stated in subsection (a) of this section, shall be deposited and  
140 used by the Connecticut Innovations, Incorporated, for the purpose of  
141 the bioscience center of excellence authorized under section 8 of this  
142 act.

143 (c) All provisions of section 3-20 of the general statutes, or the

144 exercise of any right or power granted thereby, which are not  
145 inconsistent with the provisions of this section are hereby adopted and  
146 shall apply to all bonds authorized by the State Bond Commission  
147 pursuant to this section, and temporary notes in anticipation of the  
148 money to be derived from the sale of any such bonds so authorized  
149 may be issued in accordance with said section 3-20 and from time to  
150 time renewed. Such bonds shall mature at such time or times not  
151 exceeding twenty years from their respective dates as may be provided  
152 in or pursuant to the resolution or resolutions of the State Bond  
153 Commission authorizing such bonds. None of said bonds shall be  
154 authorized except upon a finding by the State Bond Commission that  
155 there has been filed with it a request for such authorization which is  
156 signed by or on behalf of the Secretary of the Office of Policy and  
157 Management and states such terms and conditions as said commission,  
158 in its discretion, may require. Said bonds issued pursuant to this  
159 section shall be general obligations of the state and the full faith and  
160 credit of the state of Connecticut are pledged for the payment of the  
161 principal of and interest on said bonds as the same become due, and  
162 accordingly and as part of the contract of the state with the holders of  
163 said bonds, appropriation of all amounts necessary for punctual  
164 payment of such principal and interest is hereby made, and the State  
165 Treasurer shall pay such principal and interest as the same become  
166 due.

167       Sec. 10. (NEW) (*Effective July 1, 2006*) There is established a program  
168 to be administered by Connecticut Innovations, Incorporated, to  
169 provide funding to early stage companies to support linkages to  
170 faculty, students, technology commercialization and entrepreneurship  
171 programs at The University of Connecticut to leverage the capacity of  
172 the center and its client companies. Not less than one-third of funds  
173 awarded for this section will be provided as pre-seed and seed  
174 funding.

175       Sec. 11. (NEW) (*Effective July 1, 2006*) (a) There is established an  
176 account to be known as the early stage account, which shall be a

177 separate, nonlapsing account within the General Fund. The account  
178 shall contain all moneys required by law to be deposited in the account  
179 and shall be held separate and apart from all other money, funds and  
180 accounts. Investment earnings from any moneys in the account shall  
181 be credited to the account and shall become part of the assets of the  
182 account. Any balance remaining in the account at the end of any fiscal  
183 year shall not lapse and shall be available for use for the fiscal year  
184 next succeeding.

185 (b) Connecticut Innovations, Incorporated, may use funds from the  
186 account to provide grants under section 10 of this act.

187 Sec. 12. (NEW) (*Effective July 1, 2006*) (a) As used in this section,  
188 "incubator" means a program offering space, unique technical  
189 resources and business support services and "corporation" means  
190 Connecticut Innovations, Incorporated.

191 (b) There is established a program to be administered by  
192 Connecticut Innovations, Incorporated, to provide funding to small  
193 business incubators to increase the success rate of such incubators in  
194 the state.

195 (c) Grants awarded under this section may be used for (1) feasibility  
196 studies, physical development and other capital costs for new and  
197 existing incubation space, not exceeding and (2) investments or below  
198 market loans to incubators or incubator businesses for working capital  
199 and other operating needs. The amounts expended in any fiscal year  
200 shall not exceed two million dollars for the purposes of subdivision (1)  
201 of this subsection and three million dollars for the purposes of  
202 subdivision (2) of this subsection.

203 Sec. 13. (NEW) (*Effective July 1, 2006*) There is established an account  
204 to be known as the incubator account, which shall be a separate,  
205 nonlapsing account within the General Fund. The account shall  
206 contain all moneys required by law to be deposited in the account and  
207 shall be held separate and apart from all other money, funds and

208 accounts. Investment earnings from any moneys in the account shall  
209 be credited to the account and shall become part of the assets of the  
210 account. Any balance remaining in the account at the end of any fiscal  
211 year shall not lapse and shall be available for use for the fiscal year  
212 next succeeding.

213 (b) Connecticut Innovations, Incorporated, may use funds from the  
214 account to provide grants under section 12 of this act.

215 Sec. 14. (NEW) (*Effective July 1, 2006*) (a) As used in this section:

216 (1) "Corporation" means the Connecticut Innovations, Incorporated;

217 (2) "Small business" means a corporation, limited liability company,  
218 partnership, sole proprietorship or individual, operating a business  
219 for-profit, which employs five hundred or fewer employees, including  
220 employees employed in any subsidiary or affiliated corporation;

221 (3) "Small business innovation research program" means the federal  
222 program established pursuant to the Small Business Innovation  
223 Development Act of 1982 (P.L. 97-219), as amended, which provides  
224 funds to small businesses to conduct innovative research which has  
225 potential commercial applications; and

226 (4) "Small business technology transfer program" means the federal  
227 program established pursuant to the Small Business Research and  
228 Development Enhancement Act of 1992 (P.L. 102-564), as amended,  
229 which provides funds to small businesses that collaborate with  
230 nonprofit research institutions to conduct innovative research which  
231 has potential commercial applications.

232 (b) Connecticut Innovations, Incorporated, shall establish a program  
233 of matching grants to small businesses which have received federal  
234 funds under the small business innovation research program and the  
235 small business technology transfer program. Any small business  
236 receiving a grant under this section may use such grant for the same  
237 purpose such small business was awarded federal funds under said



238 small business innovation research program.

239 (c) Applications shall be submitted to the corporation at such times  
240 and on such forms as the corporation may prescribe. Each such  
241 application shall include the following: (1) The location of the principal  
242 place of business of the applicant; (2) an explanation of the intended  
243 use of the funding being applied for; and (3) such other information  
244 that the corporation deems necessary. Information contained in any  
245 such application submitted to the corporation under this section which  
246 is of a proprietary nature shall be exempt from the provisions of  
247 subsection (a) of section 1-210 of the 2006 supplement to the general  
248 statutes.

249 (d) In determining whether an applicant shall be selected for  
250 funding pursuant to this section, the corporation shall consider, but  
251 such consideration need not be limited to, the following factors: (1) The  
252 description of the small business innovation research project; and (2)  
253 evidence of satisfactory participation in the applicable small business  
254 innovation research program.

255 (e) The corporation shall adopt written procedures, in accordance  
256 with the provisions of section 1-121 of the general statutes to carry out  
257 the provisions of this section.

258 Sec. 15. (NEW) (*Effective July 1, 2006*) (a) There is established within  
259 the Connecticut Development Authority a technology  
260 commercialization program for the purpose of providing financing, in  
261 the form of equity investments, below market rate loans, or loan  
262 guarantees to develop technology space and facilities to house  
263 emerging technology-based companies in Connecticut.

264 (b) The Connecticut Development Authority shall develop criteria  
265 for the purposes of the program established in subsection (a) of this  
266 section and shall establish other programs targeted to emerging  
267 technology companies.

268       Sec. 16. (NEW) (*Effective July 1, 2006*) On or before January 1, 2008,  
269 and annually thereafter, The University of Connecticut shall submit a  
270 report to the joint standing committee of the General Assembly having  
271 cognizance of matters relating to commerce on the eminent faculty  
272 recruitment program established pursuant to sections 2 and 3 of this  
273 act, and the Center for Entrepreneurship established pursuant to  
274 sections 4 and 5 of this act. Such report shall include, but not be limited  
275 to, an evaluation of such programs based on the following metrics:  
276 Dollars leveraged by state funding, patents issued, publications and  
277 invention disclosures, companies created, student work experience  
278 and college graduate retention, world class researchers attracted to the  
279 state, wealth generation, national and international prominence in  
280 research in core competency areas.

281       Sec. 17. (NEW) (*Effective July 1, 2006*) On or before January 1, 2008,  
282 and annually thereafter Connecticut Innovations, Incorporated, shall  
283 submit a report to the joint standing committee of the General  
284 Assembly having cognizance of matters relating to commerce on (1)  
285 the collaborative research grant program established pursuant to  
286 sections 6 and 7 of this act, (2) the early stage program established  
287 pursuant to sections 10 and 11 of this act, (3) the incubator program  
288 established pursuant to sections 12 and 13 of this act, and (4) the  
289 matching grant program established pursuant to section 14 of this act.  
290 Such report shall include, but not be limited to, an evaluation of such  
291 programs based on the following metrics: Dollars leveraged by state  
292 funding, patents issued, publications and invention disclosures,  
293 companies created, student work experience and college graduate  
294 retention, world class researchers attracted to the state, wealth  
295 generation, national and international prominence in research in core  
296 competency areas.

297       Sec. 18. (NEW) (*Effective July 1, 2006*) On or before January 1, 2008,  
298 and annually thereafter the Connecticut Development Authority shall  
299 submit a report to the joint standing committee of the General  
300 Assembly having cognizance of matters relating to commerce on the

301 programs established pursuant to section 15 of this act. Such report  
302 shall include, but not be limited to, an evaluation of such program  
303 based on the following metrics: Dollars leveraged by state funding,  
304 patents issued, publications and invention disclosures, companies  
305 created, student work experience and college graduate retention,  
306 world class researchers attracted to the state, wealth generation,  
307 national and international prominence in research in core competency  
308 areas.

309       Sec. 19. (*Effective July 1, 2006*) Connecticut Innovations,  
310 Incorporated, shall distribute funds received under sections 20 and 21  
311 of this act over the various segments of the financing continuum as  
312 follows: (1) For preseed financing, ten per cent, (2) seed financing,  
313 fifteen per cent; (3) start-up financing, twenty-five per cent, and (4)  
314 early, first-state and expansion financing, fifty per cent.

315       Sec. 20. (*Effective from passage*) Notwithstanding any provision of the  
316 general statutes, for the fiscal year ending June 30, 2006, the sum of  
317 seventeen million five hundred thousand dollars shall be transferred  
318 from the resources of the General Fund and credited to the resources of  
319 Connecticut Innovations, Incorporated.

320       Sec. 21. (*Effective July 1, 2006*) The sum of twenty-five million dollars  
321 is appropriated to Connecticut Innovations, Incorporated, from the  
322 General Fund, for the fiscal year ending June 30, 2007, for the purposes  
323 of section 19 of this act.

324       Sec. 22. (*Effective from passage*) Notwithstanding any provision of the  
325 general statutes, for the fiscal year ending June 30, 2006, the sum of  
326 twenty-seven million five hundred thousand dollars shall be  
327 transferred from the resources of the General Fund and credited to the  
328 resources of the Connecticut Development Authority and used for the  
329 purposes of section 5 of this act.

330       Sec. 23. (*Effective July 1, 2006*) The following amounts are  
331 appropriated, from the General Fund, for the fiscal year ending June

332 30, 2007:

333 (1) Twenty-five million dollars to The University of Connecticut for  
 334 the purposes of the eminent faculty recruitment program set forth in  
 335 section 2 of this act, provided not more than five million dollars shall  
 336 be used in each fiscal year until the fiscal year ending June 30, 2012;

337 (2) Ten million dollars to The University of Connecticut for the  
 338 Center for Entrepreneurship at said university as set forth in section 4 of  
 339 this act;

340 (3) Fifteen million dollars to Connecticut Innovations, Incorporated,  
 341 for the collaborative research grant program as provided in section 6 of  
 342 this act, provided not more than three million dollars shall be awarded  
 343 in any fiscal year;

344 (4) Twenty million dollars to Connecticut Innovations, Incorporated,  
 345 for grants to early stage companies as provided in section 10 of this act;  
 346 and

347 (5) Twenty-five million dollars to Connecticut Innovations,  
 348 Incorporated, for grants to small business incubators as provided in  
 349 section 12 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2006</i>	New section
Sec. 2	<i>July 1, 2006</i>	New section
Sec. 3	<i>July 1, 2006</i>	New section
Sec. 4	<i>July 1, 2006</i>	New section
Sec. 5	<i>July 1, 2006</i>	New section
Sec. 6	<i>July 1, 2006</i>	New section
Sec. 7	<i>July 1, 2006</i>	New section
Sec. 8	<i>July 1, 2006</i>	New section
Sec. 9	<i>July 1, 2006</i>	New section
Sec. 10	<i>July 1, 2006</i>	New section
Sec. 11	<i>July 1, 2006</i>	New section

Sec. 12	<i>July 1, 2006</i>	New section
Sec. 13	<i>July 1, 2006</i>	New section
Sec. 14	<i>July 1, 2006</i>	New section
Sec. 15	<i>July 1, 2006</i>	New section
Sec. 16	<i>July 1, 2006</i>	New section
Sec. 17	<i>July 1, 2006</i>	New section
Sec. 18	<i>July 1, 2006</i>	New section
Sec. 19	<i>July 1, 2006</i>	New section
Sec. 20	<i>from passage</i>	New section
Sec. 21	<i>July 1, 2006</i>	New section
Sec. 22	<i>from passage</i>	New section
Sec. 23	<i>July 1, 2006</i>	New section

**Statement of Purpose:**

To establish a framework for economic development in the state, providing for Connecticut jobs for the 21st Century.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. WILLIAMS, 29th Dist.; SEN. LOONEY, 11th Dist.  
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 SEN. COLAPIETRO, 31st Dist.; SEN. COLEMAN, 2nd Dist.  
 SEN. CRISCO, 17th Dist.; SEN. DAILY, 33rd Dist.  
 SEN. DEFRONZO, 6th Dist.; SEN. DUFF, 25th Dist.  
 SEN. FINCH, 22nd Dist.; SEN. FONFARA, 1st Dist.  
 SEN. GAFFEY, 13th Dist.; SEN. GOMES, 23rd Dist.  
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 REP. BERGER, 73rd Dist.

S.B. 1